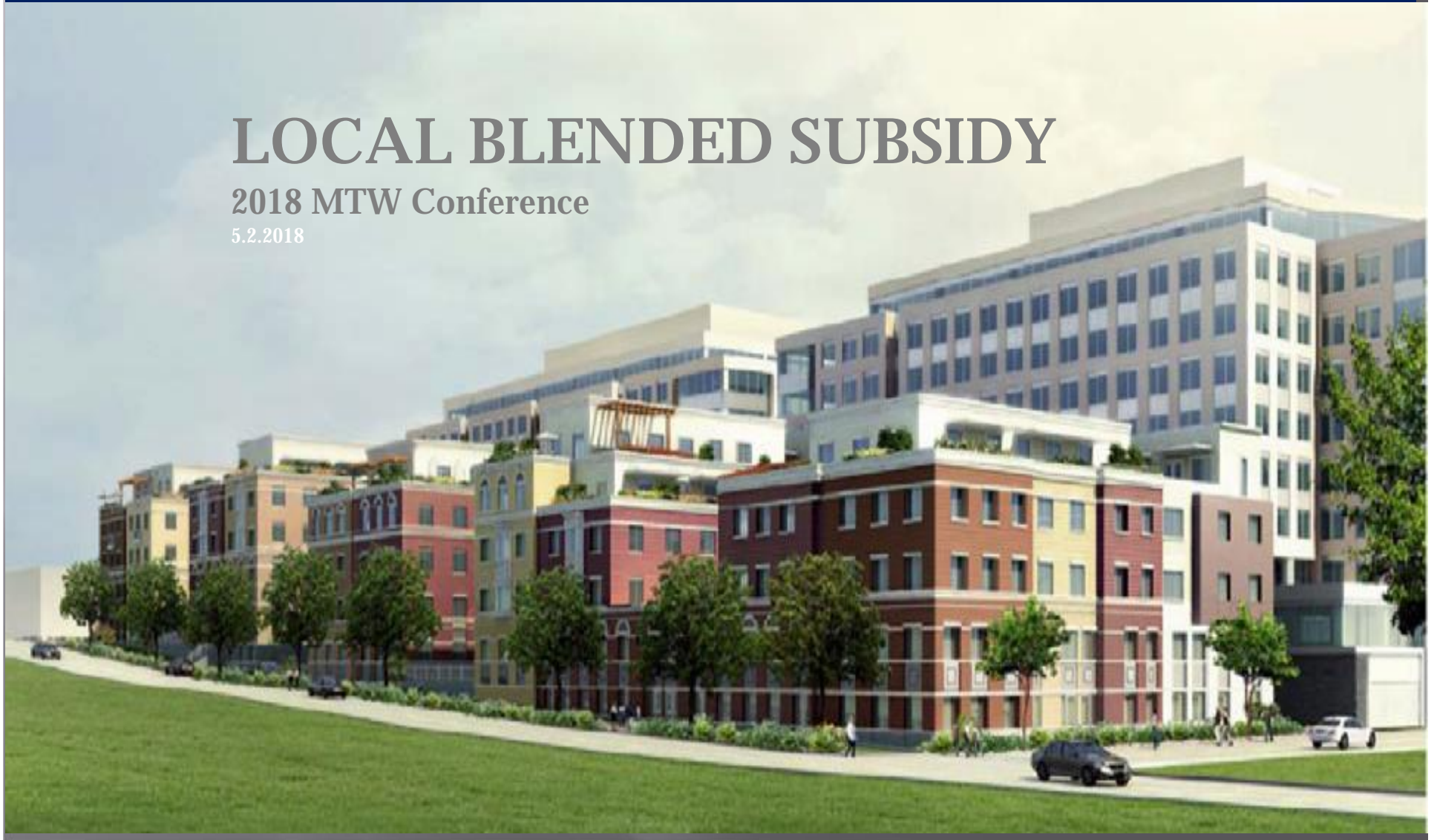


# District of Columbia Housing Authority

## LOCAL BLENDED SUBSIDY

2018 MTW Conference

5.2.2018



## Local Blended Subsidy – *Uses*

- Allows potential access to Faircloth units and corresponding subsidy/Capital Fund Program funds
  - Units must be ACC
  - Commitment must be consistent with MTW agreement term
- Rent structure can be formulated consistent with MTW at/below FMRs, LIHTC or other limits required to meet DCHA leveraging objectives consistent with its MTW authorization
- Accepted by major sophisticated lenders/investors

# Local Blended Subsidy – Challenges

## .. MTW

- ; LBS is only valid while the MTW Agreement is in effect; this may yield uneasy investors

### Distributable Cash Flow

- ; All units receiving LBS assistance are considered ACC.
- ; LBS restricted to public housing uses.
- ; Excess funds considered “*positive residual receipts*” which are restricted under PH rules (*i.e. Not considered distributable cash flow*)
  - ú Cannot be used to benefit 3<sup>rd</sup> parties

# Highland Dwellings

- § District Of Columbia Housing Authority
- § Office of Capital Programs



# PROJECT DESCRIPTION

- 208 Units
  - 184 Modernized Units (Interior/Exterior Renovations)
  - 24-one bedroom multifamily building with approximately 3,000 SF of commercial space
- New Management and Community Buildings
- New Central Green, Pedestrian Walk-Throughs and Private Street

# Project Financing

<b>Sources:</b>	
<b>Low-Income Housing Tax Credit Equity</b>	<b>26,740,286</b>
<b>Permanent Tax-Exempt Loan</b>	<b>21,600,00</b>
<b>DCHA CFRC Funds</b>	<b>6,577,713</b>
<b>DCHA Additional Funds</b>	<b>5,600,000</b>
<b>DCHA Additional Funds (Wells Fargo Bridge Loan)</b>	<b>1,015,025</b>
<b>DCHA Acquisition Loan</b>	<b>4,739,000</b>
<b>Deferred Developer Fee</b>	<b>2,275,354</b>
<b>Total Sources</b>	<b>\$72,522,378</b>

## Highland Dwellings Street Scape





**Completed 24 UNIT BUILDING  
400 ATLANTIC AVE SE**



## Highland Dwellings Street Scape



# LBS Challenges

- .. Sunset of MTW – DCHA provided a guarantee to the lender that if MTW went away and we were unable to provide the LBS we would convert the units to PBV

# The Bixby @ Capitol Quarter

- § District Of Columbia Housing Authority
- § Office of Capital Programs



# PROJECT DESCRIPTION

- 195 Rental Units
- 190,000 Sq. ft., 4 stories, wood frame over parking garage
- 156 market-rate rentals
- 39 ACC units

# ACC Subsidy

Operating Subsidy:      MTW Layering for 39 units

- PEL-based Subsidy:                      \$ 78,875
- FMR-based Subsidy:                      \$517,418
- MTW Layering:                              \$438,543
  
- MTW Layering is additional subsidy

# INVESTMENT

## DCHA Investment in LOFTS at Capitol Quarter

• Land	\$8.6 million
• Equity	\$1.0 million
• MTW Subsidy	\$438,543 annually

# RETURN ON INVESTMENT

## DCHA Return on Investment

- 39 ACC units with market rate amenities
- 50% ownership interest in 195 unit building
- 50% share of cash flow from building operations





# LBS Challenges

- MTW Sunset – DCHA provided a guarantee to continue to meet the subsidy amount as required (either through the cash flows or convert to PBV)